

**MINUTES OF MEETING OF BOARD OF TRUSTEES OF THE
CITY OF NEWPORT NEWS EMPLOYEES' RETIREMENT FUND**

May 9, 2016

EDA Board Room/3rd Floor City Center

1:00 p.m.

Roll Call: JoAnn Armstrong (X), Bill Eastburn (X), Art Gudikunst (E),
Philip Hatchett (X), Frank James (X), Bobby Lanier (X),
Greg Kubilins (E), Zoe Lumpkin (X) Eddie Harrah (X).

Patrick Murphrey (X), Marty Eubank (E), Bill Keeler (E),
Cathy Matthews (E), Tom Mitchell (X), Tonya O'Connell (X).

Others Present:

1. Call to Order:

Mr. James called the Retirement Board meeting to order at 1:10 p.m. on May 9, 2016 in the EDA Board Room, 3rd Floor City Center.

Ms. O'Connell introduced the newly elected Retirement Board Member, Eddie Harrah, who will be the NNERF Waterworks representative to fill the term, left vacant by Mr. Wuska retiring, which will expire December 31, 2019.

2. Old Business:

The Committee on Administration presented to the Board a draft ordinance for proposed changes to Newport News Code Chapter 31 that incorporates the proposed change to the Compulsory Retirement Age Ordinance Sec. 31-40 (which has been previously voted on and approved by the Retirement Board to recommend to City Council). The additional proposed changes are:

a. City contribution to Retiree health insurance premiums:

The Committee on Administration presented the draft language amending the Code so that all NNERF retirees with similar length of service will receive the same level of City contribution toward their premiums for health and dental insurance. Currently, there is a separate schedule for employees hired prior to March 1, 2010 who did not have ten years of service as of February 28, 2010. After discussion, the Board unanimously agreed to recommend that City Council accept the proposed changes to Code sections 31-111, 31-112, 31-116, and 31-117 to provide that all retiring NNERF employees with the same length of service receive the same level of City contribution to their health and dental plans.

Upon motion duly made and seconded, the Retirement Board unanimously agreed to recommend that City Council accept the proposed language as presented to amend the Code sections 31-111, 31-112, 31-116, and 31-117 to provide that the schedule showing the amount of the City contribution to the retiree health and dental benefits will be applied to all retiring NNERF employees.

b. Lump Sum Option Ordinance:

The Committee on Administration presented draft language, a portion of which they approved at their earlier meeting, changing the Code to provide an option for active NNERF employees who retire on or after June 30, 2016, and who would receive a monthly annuity payment of \$150 or less, to elect, at the time of retirement, to receive a lump sum payment in lieu of their monthly annuity and any benefits, they, their surviving spouse, their surviving dependent(s), and/or any other beneficiary (including their estate) would otherwise be entitled to under Article II of Chapter 31. The proposed ordinance also requires a signed certification by the employee, acknowledging that the receipt of the lump sum is in lieu of any benefits, they, their surviving spouse, their surviving dependent(s), and/or any other beneficiary (including their estate) would otherwise be entitled to under Article II of Chapter 31 which includes the monthly annuity, the spousal annuity, and the \$3,300 death benefit. During the discussion, the Board felt further clarification was needed on Code Section 31-64.2(b) describing actuarially neutral. The lump sum payment will be actuarially neutral to the Plan, meaning that paying the lump sum to the retiree would not result in a gain or loss to the Fund. After discussion, the Board unanimously agreed to recommend that City Council accept the proposed ordinance as amended to change Code sections 31-54 and 31-64.2 to provide for a lump sum option, computed with an actuarially neutral formula, for active NNERF employees who retire on or after June 30, 2016 with a monthly annuity payment of \$150 or less, and also require a written statement from the employee acknowledging that the receipt of the lump sum payment is in lieu of their monthly annuity, the spousal annuity, and the retiree death benefit.

Upon motion duly made and seconded, the Retirement Board unanimously agreed to recommend that City Council accept the proposed ordinance as amended to change Code section 31-54 and add a new section 31-64.2 to provide for a lump sum option, computed with an actuarially neutral formula, for active NNERF employees who retire on or after June 30, 2016 with a monthly annuity payment of \$150 or less, and also require a signed certification from the employee acknowledging that the receipt of the lump sum payment is in lieu of any benefits, they, their surviving spouse, their surviving dependent(s), and/or any other beneficiary (including their estate) would otherwise be entitled to under Article II of Chapter 31 which includes the monthly annuity, the spousal annuity, and the \$3,300 death benefit.

c. Portability of Service Ordinance:

The Committee on Administration presented to the Board draft language amending the Code Section 31-42 dealing with Portability of Credited Service which define how service credits are determined when an employee leaves one plan and joins another. Since NNERF is a closed plan, all new City employees are enrolled with VRS and are not able to join NNERF and therefore are not able to port their service time into NNERF. After discussion, the Board unanimously agreed to recommend that City Council accept the proposed ordinance changes as presented. Mr. Murphrey indicated that he will work with the other localities / retirement systems to update the existing portability agreements to reflect that NNERF is a closed plan.

Upon motion duly made and seconded, the Retirement Board unanimously agreed to recommend that City Council accept the proposed ordinance changes as presented to change the Code section 31-42 dealing with portability of service and identify the NNERF as a closed plan.

d. Ordinance Adoption

After the Board reviewed, amended, and approved the draft ordinance for proposed changes to Newport News Code Chapter 31 as presented, the Board unanimously agreed to recommend to City Council that the ordinance take effect on and after June 30, 2016.

Upon motion duly made and seconded, the Retirement Board unanimously agreed to recommend to City Council that this ordinance be in effect on and after June 30, 2016.

3. New Business:

a. Boards and Committee Reception:

Mr. Mitchell reminded the Board they were invited to the annual Boards, Commission, and Committee reception on Wednesday, May 25, 2016 starting at 5:30 p.m. in the David Student Union Ballroom at Christopher Newport University.

b. Excused Absence from the Board Meeting:

Mr. Kubilins and Mr. Gudikunst asked to be excused due to a prior commitment.

c. Next Meeting:

May Board meeting will be Thursday, May 26, 2016 at 9:00 am.

d. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 2:25 p.m.

A true copy, attest:



Tom Mitchell, Secretary
Board of Trustees